But this outcome is not simply the effect of a division internal to multinational companies; indeed, one might say that they are in fact responding to a change which has largely been brought about by states and local companies. Local firms often find themselves in the position of subcontractors or suppliers, and if they wish to export to the centre, they have to accept drastic conditions of subordination to import-capital in the centre. The subcontracting relationship means that they have to give up much of the 'extra surplus-value'[56] they derive from exceptional conditions of exploitation.

How, then, is this local accumulation, which far exceeds direct investment from outside source, financed? In the glorious period between 1965 and 1980, when peripheral Fordism was expanding, much of the investment was supplied by *borrowing* on the international bank capital market, though considerable amounts of local profit were also ploughed back. Most of the loans were in xenodollars or petrodollars, and they were pledged against: 1) future income from traditional exports (including oil, tourism and emigration); 2) the 'promise of work',[57] which in turn depended upon the profitable launch of new production processes in the NICs and upon the existence of markets for their future output; and 3) the recycling of borrowed capital to buy capital goods from the North. This was made almost obligatory.

Virtually the entire international community of lenders decided that they could gamble on this regime, particularly as after the first oil shock there was an explosion of available liquid assets. OPEC had deposited its surplus with private bankers, and borrowers were needed at any price. International bank finance began to replace direct investment, leading to the emergence of *an international credit economy*.[58]

Take the case of South Korea. In 1960, direct investment accounted for 82 per cent of all capital in-flow, and borrowing on the international money market only 18 per cent. By 1975, the proportions had been reversed. France's 'contribution' to the industrialization of the Third World in 1976 broke down in exactly the same proportions.

This change, which went hand in hand with a relative fall in state development aid and grants, finally put an end to the classic picture of dependency. The centre (or capital and firms from the centre) no longer 'decided' to invest in the Third World; the ruling classes of the dominated countries chose[59] a strategy which required a rapid in-flow of capital. They found that capital in one of two ways.[60] First they used export credits to import capital goods. between 1971 and 1980 Third World debts corresponding to export credits rose from 26 to 110 billion dollars. Secondly they borrowed from the banks, and issued debentures. These debts rose from 10 to 145 billion dollars and from 4 to 15 billion respectively.

Over the same period, the total debt rose from 86 to 445 billion dollars, 64 per cent of the total being provided by private credits. The North's total direct investments abroad rose from 160 billion dollars in 1971 to 500 billion in 1980; the South accounted for some 53 billion in 1971 and 120 billion in 1980.

This change in the structure of outside finance must be clearly understood. In the case of direct investment, a 'captain of industry' from the centre takes the 'risk' of exploiting a peripheral force and tries to sell the product, either in the centre or elsewhere. He may have borrowed the money himself, but in any case he is acting on his own initiative and will repatriate any profits he might make. In the case of bank loans, the bank prevalidates the borrower's future income. More specifically, when the loan is advanced to finance the import of capital goods, the bank prevalidates[61] a given strategy for industrialization, but it is the firm or State which chooses that strategy.

In terms of transferring value from the periphery to the centre, the new system is as efficient as the old, provided that we regard the OPEC banks as belonging to the central financial system (an assumption which raises theoretical and political problems which cannot be dealt with here). The NICs' exports do not simply pay for their imports; increasingly, exports are also used to pay the interest on debts. The NICs have to bear a heavy burden of debt-servicing on top of the classic problem of 'the repatriation of profits by the multinationals'.

We will have time to come back to all this later. For the moment, we will simply note that the world banking system faces an overwhelming task of regulation: it has to pre-validate the investment of world labour in the disparate and uncoordinated strategies of the Third World, and it has to reconcile them with the anticipated growth of world demand.

Multinational companies certainly help the banking system; as we have seen, their internal planning mechanisms control much of international trade flows. The banks also get help from the international trade system, which discovers both markets and suppliers. The fact that the NICs do not put everything they produce on the world market also helps; they absorb most of their growth (or at least more of it than industrial countries). The system of multinational banks and companies thus introduces elements of world regulation, and various NICs adopt different internal forms of regulation, which we cannot even begin to describe here. The world regime of accumulation of the seventies, or at least its 'peripheral Fordist component', is not short of forms of regulation.

'Private bank regulation' is, however, extremely vulnerable. Private institutions are given the task of evaluating both 'risk sectors' and 'risk countries', but they are at the same time subject to the pressures of competition. As a result, they all lend, or refuse credit, at the same time. When the monetarist shock, or the second phase of the crisis, came along in the eighties, this resulted in a wide variety of debt situations.

The *total* amount of capital available to finance Fordist industrialization is of course determined by the state of the international money and financial markets, and their profitability is determined by fluctuations in world demand. Neither multinational banks nor sovereign states in the Third World can control these factors. This brings us to the problem of the *overall regulation* of the world regime of accumulation or, to put it more modestly, to the study of the successive configurations in the world economy that are partly responsible for the fortunes and misfortunes of peripheral Fordism. That will be the subject of our last chapter.

Conclusions

'Towards Global Fordism', 'Primitive Taylorization', 'Peripheral Fordism', 'New International Division of Labour' ... all these concepts have to be handled with care, though I do hope that I have shown that they are useful, that they provide both a net and a ladder to help us grasp how phenomena relate to one another. We have gauged the extent of the phenomenon of Third World industrialization, and we have tried to grasp its underlying logic. But concepts are like coordinates on a map: they give only a superficial picture of the concrete realities of the national social and economic formations of the Third World. As Newton would say, we are trying to drain the ocean with a shell.

We have made no attempt even to outline a concrete typology of how these logics combine within real regimes of accumulation. Whilst there is obviously all the difference in the world between Mali and Argentina, Brazil and South Korea *do* have something in common. Within each country, we find a combination of highly diverse strategies and logics. Mexico exports oil and labour power, and has turned its northern borderlands into a vast free trade zone of sweatshops working for American firms. Mexico exports car components to the USA and Europe, and is developing revolutionary steel-making processes. The sexual division of labour means that primitive Taylorization (women working in the electronics and textiles industries) can often coexist alongside peripheral Fordism (men in the motor industry).[62]

As for the international division of labour as a whole, even if we restrict the argument to the new division, it is by no means as simple as both old and new orthodoxies would have us believe. It simply cannot be reduced to a division of manufacturing labour which is introduced by multinational companies because of different levels of skills and differing labour costs. It is the outcome of a process which unevenly distributes between countries capitalist relations and the Fordist model (now, as we have seen, extended to non-Fordist activities). That model affects work organization, but also the growth of markets and changes in life-styles.

This does not mean that we have to revert to the staggered diachronies of Rostow's schema, or to the view that all countries are involved in the same venture, that they will all move from take-off to the post-industrial era, and that the only problem is that they did not all set off at the same time. In synchronic terms, there is a certain complementarity, between the huge markets that have already been developed, and the countries that are gambling on the conditions under which they can exploit their own labour force, importing capital goods and exporting labour-intensive commodities, in an attempt to gain a foothold at the less skilled levels of the division of labour and to hitch themselves to the Fordist regime.

The regime of accumulation which emerged in the 1970s is in some ways reminiscent of postwar industrialization in France. Initially, there was a phase of reconstruction, with imports of equipment goods and 'transfers of technology' from the USA being financed by Marshall loans. The loans were repaid with 'bottom of the range' exports. During the second phase, a home market was developed. Wage relations were extended to take in the peasantry and internal control over Department 1 was reestablished (at least until 1968).

But the differences are blindingly obvious. France already had a skilled industrial base. The institutional forms which could integrate wage relations and provide a home market for the products of growth had already been established. The postwar transitional regime and Marshall aid simply anticipated the establishment of a relatively auto-centred regime of accumulation and of regulation procedures which depended upon national sovereignty.

Peripheral industrialization is very different. In terms of its regime of accumulation and its mode of regulation, it is heavily internationalized from the outset. To modify Cardoso de Mello's criticisms of F.H. Cardoso, we could say that Brazilian Fordism is not only 'late'; it is also 'peripheral'. It is not following the 'bicycle – moped – small car – big car' trajectory which *all* fractions of the wage-earning population – from unskilled workers to young engineers – followed in France and Italy as mass-production increased. In Brazil, where workers still go on foot, the motor industry began by making large and medium-sized cars designed in Germany for a middle class that already existed in both Germany and Brazil.

In terms of international trade, a 'late-comer country' has to be 'complementary' with others, even if the fact of being 'peripheral' is a result and not an explanation. But complementarity is no more than a transitory, changing configuration, a truly miraculous 'chance discovery'.

It remains for us to look at the chain of events which allowed this 'chance discovery' to stabilize. We have already said something about the elements of partial regulation which ensured it a certain stability in the seventies, about the minor, but no doubt innovatory or even structuring role played by multinational companies and sub-contracting agreements, about captive trade, and about the role of private banks. But none of these institutional forms can resolve the problem of overall regulation; nor did they ensure the possibility of the international logic of peripheral Fordism being 'completed' at the world macroeconomic level during the first phase of the crisis in central Fordism. And if we do not understand this 'successful configuration', we will have difficulty in understanding why it was that the crisis became so general in the eighties. That will be the object of our last chapter.

But before we go on to that, let us make a digression for the benefit of sociologists, political scientists and – why not? – political militants. At a time when the dictatorial regimes which presided over the development of peripheral Fordism appear to be collapsing under the irresistible weight of pressure for democracy everywhere from Brazil to South Korea, it might be useful to see what light the economic theory we are outlining can shed upon the similar events that occurred in Southern Europe's three 'early NICs'.